

DEPARTMENT OF HEALTH SERVICES

714/744 P STREET  
ACRAMENTO, CA 95814



November 11, 1983

To: All County Welfare Directors

Letter No. 83-70

EARNED INCOME TAX CREDIT AND ITS RELATIONSHIP TO FOUR-MONTH CONTINUED  
MEDI-CAL COVERAGE

This is to advise you of a change in federal Medicaid policy concerning the earned income tax credit and its impact on four-month continued Medi-Cal coverage.

Earlier federal policy had established that the receipt of an increase in the amount of an earned income tax credit is not considered an increase in earnings for the purpose of being eligible for four-month continued Medicaid coverage. Consequently, Medi-Cal did not grant four-month continuing coverage (Title 22, CAC, Section 50243) to persons who lost AFDC eligibility due to such tax credit income increases.

However, federal Medicaid policy has been revised to require that earned income tax credits/increases must be considered as increased income for the purposes of determining four-month continuing coverage. Since AFDC may be terminated because of earned income tax credits, which are counted as earned income for AFDC purposes, four-month continuing Medi-Cal coverage is now to be granted to former AFDC eligibles discontinued due to earned income increases resulting from tax credits.

For further information on determining eligibility under the four-month continuing category, please refer to Section 5-E in your Medi-Cal Eligibility Procedures Manual.

If you have any questions please contact Vivian Gannon at (916) 324-4956.

Sincerely,

ORIGINAL SIGNED BY

Caroline Cabras, Chief  
Eligibility Branch